News Release Senator Pete V. Domenici

FOR IMMEDIATE RELEASE
JULY 18, 2000

DOMENICI VOTES TO TERMINATE ADDED FEDERAL TAX BURDEN ON MARRIED COUPLES

WASHINGTON -- U.S. Senator Pete Domenici today voted to end the added tax burden imposed on married couples, the so-called "marriage penalty tax" that costs almost half of all families about $1,500 a year.

The Senate today approved (60-39) the **Marriage Tax Relief Reconciliation Act** (S.2839)–the latest congressional effort to overcome the Clinton administration's opposition to repealing this tax, which Domenici has termed as "being close to an immoral activity on the part of the federal government." On average, marriage penalty taxes costs a married couple an additional $1,500 in taxes each year, according to the nonpartisan Congressional Budget Office.

"Consider what an extra $1,500 would mean to families in New Mexico. Eliminating the marriage penalty could pay for three months of day care or nine months of electric bills," Domenici said.

"Our economy is flush and family taxes are pouring into the national treasury at a record rate. Now is the time to reduce the national debt and give some of it back to the taxpayers who have overpaid. I believe that none are more entitled than the married couples in the United States who now struggle under a tax code that punishes them for being married. This is a terrible tax that should be stopped," he said.

Domenici, chairman of the Senate Budget Committee, says his FY2001 Budget Resolution makes room for this family tax relief, providing $150 billion in tax relief over the next five years. The Joint Committee on Taxation estimates that the S.2839 would decrease revenues by $4 billion in 2001 and by $56 billion for the years 2001-2005.

The bill, when fully phased-in, would reduce the tax penalty imposed on married couples. It would provide marriage tax relief by increasing standard deductions, expanding the 15-percent and 28-percent tax brackets, expanding the Earned Income Credit (EIC), and exempting family tax credits from the individual Alternative Minimum Tax.

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To help mitigate the tax penalty incurred by many married couples, the bill makes four changes to the tax code:

- **Standard Deduction**: The bill increases the standard deduction for married couples filing jointly to twice the standard deduction for single taxpayers. According to the Joint Committee on Taxation, this provision provides tax relief to approximately 25 million couples filing joint returns. Effective Dec. 31, 2000.
- **Increased Brackets**: The bill expands, over a six-year period, the 15-percent and 28-percent income tax brackets for a married couple filing a joint return to twice the size of the corresponding brackets for an individual filing a single return. Fully phased-in, this provision provides relief to 21 million married couples, including 3 million senior citizens.
- **Earned Income Credit**: The bill increases the beginning and the end of the phase-out of the Earned Income Credit for couples filing a joint return. Currently, for a couple with two or more children, the EIC begins phasing out at $12,690 and is eliminated for couples earning more than $31,152. Under this bill, the new range would be $2,500 higher. The maximum increase in the EIC under this provision for an eligible couple is $526. Effective after Dec. 31, 2000.
- **Preserving Family Tax Credits**: The bill permanently extends the current temporary exemption from the individual Alternative Minimum Tax for family-related tax credits, including the $500 per child tax credit, HOPE and Lifetime Learning credits, and dependent care credit. Effective after Dec. 31, 2000.